GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:259
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OPENING OF BANK ACCOUNTS
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Will the Minister of FINANCE be pleased to state:

(a) whether the Raghuram Rajan Committee Report has revealed that 41 per cent of the adult population of the country remains outside the banking system even after four decades of nationalization of Banks;

(b) if so, the details thereof alongwith other recommendation of the committee and the action taken by the Government thereof, and

(c) the steps taken by the Government to open more bank accounts, especially in the rural areas of the country including Andhra Pradesh?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) to (c) : Yes, Sir. Raghuram Rajan Committee Report had observed that over 40 per cent of India's working population earn but have no savings.Some of the major recommendations of the committee include:

i. expanding access to financial services;

ii. freedom to banks to setup branches and ATMs;

iii. creating more efficient and liquid markets;

iv. greater participation of foreign investors in domestic market;

v. creating a growth-friendly regulatory environment; and

vi. creating a robust infrastructure for credit.

The Government of India has taken the following steps to ensure opening of more bank accounts, especially in the rural areas of the country including Andhra Pradesh:

Banks have been advised to make available a basic banking 'no frills' account either with 'nil' or very low minimum balances.

Small borrowers with loans settled under the one time settlement scheme have been made eligible to access fresh credit.

Banks have been advised to issue General Credit Cards to eligible beneficiaries without insistence on security, purpose or end use of credit.

Banks have been permitted to utilise the services of Non-Governmental Organisations,Self Help Groups, Micro Finance Institutions and other Civil Society Organisation as intermediaries in providing financial and banking services.

All Scheduled Commercial Banks and Regional Rural Banks have been advised to achieve the target of adding 250 rural household accounts during this year.Most of the Public Sector Banks have achieved their targets for the year 2008-09.